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SUBJECT: JAMAICA: APRIL POLITICAL ROUND-UP

REF: A. KINGSTON 310

[1](#)B. KINGSTON 328
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Summary

[1](#)1. (SBU) It's budget time in Jamaica, and presentations on the budget from both parties in Parliament dominated the media this month. The only story bigger than the first new JLP budget in over 18 years is the ongoing saga of dual nationals serving in Parliament. The first test case was completed in the Supreme Court; however the petitioner has expressed a desire to appeal part of the ruling and the Supreme Court Justice granted a 42 day stay. Other news in April included the failure of the biggest alternative investment scheme "Cash Plus", and the return to Parliament of an embattled Member.

By-Election or General Election ?

[1](#)2. (SBU) Since the initial decision in the first case against dual-nationals serving in Parliament has come out, it appears almost certain that another election will be held; but it remains unclear whether this will be a by-election (as ordered by the court) or, possibly, a snap general election called by the Prime Minister. While the case is being appealed by the petitioner, Abe Dabdoub of the People's National Party (PNP), based on the legal decision delivered by Supreme Court Justice Zaila McCalla, it seems unlikely that the Court of Appeals will overturn the judgment (Ref A).

In the meantime, the appealing of the case has led to a stay of the court's decision and thus Daryl Vaz of the Jamaica Labour Party (JLP) is to retain his seat in Parliament for the next 42 days. The PNP maintains that since the nomination of Vaz has been nullified, the votes cast for him should not count and the runner-up should be declared the winner.

[1](#)3. (SBU) In a recent conversation with a PNP caretaker, Poloff has learned that many young people concur with the PNP's point of view on the matter of giving the seat to the runner up. Many young men compare the race for Parliament like a race in track and field, in which, if the winner is disqualified, the second place finisher is automatically elevated for the gold. While this may not be sound legal reasoning, it does illustrate the thinking of many people. However, since the case has come to light, Vaz has received increased media attention and it appears that the citizens of West Portland are much enamored with their current Member of Parliament (MP). Since he has now begun the process to

renounce U.S. Citizenship, he plans to run in any by-election or general election for the same seat.

14. (SBU) Once the issues of the Vaz case work their way through the judicial system, the other cases filed against sitting MPs will come before the court. While at least one of the cases appears likely to be thrown out on a procedural ground pertaining to how and when the subpoena was served, there are still at least two more cases filed against sitting JLP MPs that could also end up in by-elections. Also, one member of the Opposition PNP, Ian Hayles, has admitted that he did not complete the renunciation process until after the election; although no election petition has been filed against him. Some members of the current government estimate that as many as ten MPs may possess dual citizenship and have violated the Jamaican Constitution's prohibition against swearing an allegiance to a foreign power. Therefore given the current weakness of the PNP, the scandals that have wracked its public image, and the narrow majority of the ruling-JLP in Parliament (32-28), a snap general election must seem inviting to Prime Minister Bruce Golding (PM Golding).

15. (SBU) Recent media reports are suggesting the possibility of a compromise on the disputed seats held by dual nationals. The suggestion is that the PNP could agree not to contest the by-elections in the seats that were won by JLP candidates, such as Daryl Vaz; and in return the JLP would agree to not hold a snap election in the immediate future. Currently, both sides are considering the issue, but it is likely that some members on both sides welcome the prospect of a new election. Some recent accounts in the media speculate that former Minister of National Security Peter Phillips and his supporters welcome the prospect of a fresh election prior to the September hosting of the annual PNP

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convention. The idea is that if the JLP solidify their majority in a fresh election, it will be seen as a third strike against current Opposition Leader Portia Simpson-Miller, and allow Phillips to supplant her as party leader.

University Professor Sees Apathy Among Young Voters

16. (SBU) Poloff met with Dr. Ian Boxill, professor of Social Science at the University of the West Indies (UWI) in Kingston. Dr. Boxill stated that the students and youth of today are much more apathetic about politics than 10 or 20 years ago. Most university students show little preference for either party and take a very pragmatic approach to politics. Whereas previous generations tended to vote in line with their parents, and were very likely to participate in active politics or the political youth organizations, today's youth are not very inclined to vote, and the political parties' youth organizations are only visible around election time. He also said that many of today's students distrust politicians and do not see any reason to support politics. Professor Boxill predicted that if snap elections are called, voter turn-out will be very low, and only the party faithful will turn out in high numbers. He also stated that with a low turn-out, the government is not assured of significantly improved results at the ballot box.

Minister of National Security Out of Sight

17. (SBU) Minister of National Security, Derrick Smith, was not seen or heard from for over two weeks. He was having surgery on his foot, and there has been speculation that this is related to diabetes. However, some PNP insiders are questioning the severity of the injury and whether the government is being completely open with the public. They find it unusual that for such a minor procedure the government went so far as to appoint another Minister of

Cabinet as Acting Minister of National Security. However, Smith was back in Parliament for the final round of budget debates, so whatever his illness it does not appear life threatening.

Failed Cash Plus Scheme and Political Fund Raising

18. (SBU) The failure of the alternative investment scheme known as &Cash Plus8 has dominated the media during April (Ref B). From the arrest of founder Carlos Hill, and his American Citizen Brother Bertram Hill and CFO Peter Wilson on the morning of April 10, it was clear the scheme had hit rock bottom. General Secretary of the PNP, Peter Bunting, during his Opposition Budget presentation requested the JLP Government to investigate alternative investment schemes. Bunting was quoted in the Dailey Observer saying, &I believe it would be appropriate to enquire into the operations of alternative investment schemes. Let us see how much of the public's money these schemes gave to political parties.8 The initial reaction of the JLP came from Industry and Commerce Minister, Karl Samuda, who indicated the government was not planning to release the names of financial supporters of the party to the public, but already had complied with all campaign finance laws. (Comment: While it is likely at least some members of the JLP benefited from schemes such as Cash Plus, it is just as likely a good number of the PNP members benefited as well. Since Cash Plus came into existence in 2002, the previous government turned a blind eye to it and other such schemes for years. However, it is possible Bunting knows who among the PNP are most likely to be named and is hoping to gain advantage within the party. End Comment)

Budget Debate Dominates Political Scene

19. (U) The month of April has been dominated by the annual budget debate in Parliament. From its initial release on March 29, the entire political arena has been focused on the first budget proposal of the new JLP government (Ref C). Former Minister of Finance Omar Davies opened the Opposition's response, but aside from suggesting some targets for tax collection may be unrealistic, he was not seen scoring many points. Opposition Leader, Portia Simpson-Miller (PSM), was also a bit restrained in her responses, although she tried to take credit for starting some of the current initiatives of the JLP government, including free health care. General Secretary Bunting on the

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other hand, took the government to task on the issue of free health care and education, saying: &I subscribe to a philosophy of personal responsibility.8 He further stated, &When a good or service is totally free, it tends not to be appreciated and is used most inefficiently.8 (Comment: The difference of opinion between these two top leaders of the PNP is reflective of the widening factionalism within the party. Bunting represents the new movement of youth within the party, whereas Simpson-Miller represents the old guard that is becoming synonymous with corruption and being out of touch with reality. End Comment.)

110. (U) The Prime Minister addressed Parliament on April 22 for his inaugural budget presentation. He announced that the government had granted casino gaming licenses to two new resorts being constructed on the North coast. He also spent a large part of his speech addressing the two big concerns of food security and energy prices. He announced a new drive to conserve energy and outlined relief measures for the poor to aid in the cost of food (Ref C).

Debate on Past Government Bail Out of Financial Sector Heats Up

¶11. (SBU) Minister of Finance Audley Shaw recently announced an official government review of the financial sector bailout of the 1990s, when the Financial Sector Adjustment Company (FINSAC) was created to bail out failing financial institutions. This led to a heated debate in Parliament between Shaw and former Minister of Finance Omar Davies, with the latter suggesting that the former should recuse himself from any involvement in the matter. Davies went on to claim that at least four current cabinet members of the present administration, including Shaw, had had their bad loans acquired by FINSAC because of failure to service bad debts. Davies was striking back against earlier accusations by Shaw that inappropriate financial decisions during the former PNP administration had led to the melt down of the sector and created the need for the FINSAC relief which nearly destroyed the economy of Jamaica.

¶12. (SBU) During his presentation in Parliament when announcing the details of the investigation into FINSAC, Shaw created a large commotion when he accused current PNP General Secretary Peter Bunting of receiving a "sweetheart deal" from

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the government when he was CEO of Dehring, Bunting and Golding (DBG), a major investment firm. He alleged that the previous government had sold receivables from the sale of National Commercial Bank (NCB) to AIC and other debts at a huge discount and the DBG served as an intermediary in many FINSAC transactions, allowing the company to book record earnings at the expense of failed companies. Bunting lashed out at Shaw, and told Shaw to "Say it again!" and meet him outside to settle the issue, where he would not enjoy parliamentary immunity. Bunting called the accusations "cowardly and underhanded" and declared there was nothing secret or unethical in any of the deals mentioned by Shaw.

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(Comment: While there is a likelihood that many shady deals were struck during the FINSAC crises and that the government did not handle the bail out well, Shaw is wasting efforts on an issue that should be left to lie. By seeking to re-open old wounds, he is embarking on a possible witch hunt which could sully the reputations of members of both parties and further damage the economic confidence of investors. End Comment.)

Embattled MP Returns to Parliament

¶13. (U) Kern Spencer, embattled PNP MP for St Elizabeth North East, returned to Parliament on April 16. Spencer had previously requested a leave of absence from the Speaker of the House after his high profile arrest for fraud in connection with his direction of the distribution of free, light bulbs donated by Cuba (Ref D). The former Junior Energy Minister spent three nights in jail and faces multiple charges, including conspiracy to defraud, money laundering, and breaches of the Corruption Prevention Act. Kern maintains he has no plans to resign from his seat in Parliament and continues to represent the people of his district.

Conclusions

¶14. (SBU) The formal budget debate was wrapped up with the

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Prime Minister's presentation on April 22. Talk of budget, taxes, and rising food prices are dominating the media and local conversations. The appeal of the Vaz case will likely give an indication of how the other pending cases will play out. If Dabdoub is handed the West Portland seat by the Court of Appeals, then there is a good chance for unrest in that district, and such a decision would give the JLP a good

justification for calling a snap election. In his strongest indication of his stance on elections yet, Golding has stated to the media that he will not allow anyone to serve in Parliament by legal technicality who was not elected by the people. The Cash Plus case will likely take a long time to settle, but the police provide updates almost daily in the press. Whether the names of all Cash Plus beneficiaries, including politicians and political parties, will ever come to light is unclear. However, with so many ordinary investors losing money through the alternative investment scheme, it is unlikely that accusations of politicians being involved would draw any great public outcry.

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